

Memorandum



Subject Telephone Interview with [REDACTED]
[REDACTED]

Date June 18, 1996

60-2096-0002

To Frito File

From Nina Hale

7D

On June 17th, I received a telephone call from [REDACTED]

[REDACTED]

[REDACTED] He

called because he wanted to report an incident that he felt was out of the ordinary in terms of the kind of business tactics that he has seen over his years in the snack food business.

He said that in a [REDACTED]

[REDACTED] Frito-Lay had bought [REDACTED]

[REDACTED] and other competitors, off the shelf. [REDACTED] had been

letting the Eagle product sell down in this grocery store chain

and was taking up that space with [REDACTED] What he told us was

that Frito had basically bought the Eagle space and therefore he

could no longer take up the space with [REDACTED]

distribution: RWF, DNK, HALE, PTACEK, ALEXANDER - EAG, SWEENEY, JONES,
BEN-DAVID, CASE, CHRON, ARCHIVE

The name of the grocery store chain is [REDACTED]

[REDACTED] 7D
[REDACTED]
[REDACTED]
[REDACTED] When I asked him if he thought
the store would change its mind [REDACTED]
suggesting that perhaps the arrangement [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED] at which point Frito-Lay then began
to spend significant amounts of money to build its own share.
Indeed, according to [REDACTED] spent more dollars than
what he was selling of the Eagle product.

We talked a little bit about other grocery chains in his part
of [REDACTED] He said that he is not in [REDACTED] because they

will not let him in. He is not sure why this is true and he

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continues to try. In addition, there is a [REDACTED]

[REDACTED] has made it

clear to him that [REDACTED] needs a strong number two

to push number one. He means by that that Frito is number one

and in order to get the kinds of promotions and other deals that

Frito offers, there has to be a strong number two pushing at

number one. [REDACTED] believe that once the competition

is gone, Frito raises the prices. Indeed, [REDACTED] cited to

pricing in [REDACTED]

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I asked [REDACTED] if he had any sense of Frito's pricing and whether it was going below cost. He said that Frito always has something on deal. Apparently, the current practice is Doritos and Ruffles being sold at two for three dollars which, as far as he's concerned, means that Frito is selling them as buy one, get one free. He does not think that Frito is going below cost, but he does think that they are very close to the margin.

SS #11511